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SEC Enforcement Chief Fedders Quits, Says Reports on Marital Violence Unfair

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WASHINGTON—John Fedders quit yesterday as enforcement director of the Securities and Exchange Commission, saying news reports of violence in his marriage were exaggerated and unfair and threatened to hurt the commission.

SEC Chairman John Shad accepted the resignation immediately, but praised Mr. Fedders for "exceptional leadership." Mr. Shad didn't immediately name an interim enforcement director, and agency spokeswoman Mary McCue said it is too early to talk of a permanent successor.

Mr. Fedders's departure isn't expected to change the agency's current emphasis on enforcement cases attacking financial fraud, accounting irregularities and insider trading. "I wouldn't anticipate any major change," said Commissioner James Treadaway. "Believe it or not, it is the commission that sets the (enforcement) agenda."

On Monday, The Wall Street Journal reported that Mr. Fedders had admitted physically abusing his wife, Charlotte, who testified in divorce proceedings that she had suffered a broken eardrum, a neck injury and many black eyes and bruises during their 18-year marriage.

The article also said that Mr. Fedders was having trouble meeting expenses on his government salary and that he has been haunted by his connection to an alleged cover-up of a corporate bribe scheme by a former law client, Dallas-based Southland Corp.

Mr. Fedders said this newspaper and others, which published their own accounts of his marital violence yesterday, portrayed him unfairly.

"Those reports have exaggerated allegations in the divorce trial and have unfairly described occasional highly regrettable episodes during our marriage," Mr. Fedders said in a one-page resignation let-

ter to Mr. Shad. "On seven occasions during more than 18 years of marriage, marital disputes between us resulted in violence, for which I feel, and have expressed, great remorse. These isolated events do not, however, justify the extreme characterizations made in the press."

Responding to Mr. Fedders's comments, Norman Pearlstine, managing editor of The Wall Street Journal, said, "Our story was accurate. We stand on it as written."

Mr. Fedders said his work at the SEC wasn't being affected by his "private difficulties," but he said "the glare of publicity on my private life threatens to undermine the effectiveness of the Division of Enforcement and of the commission."

Mr. Shad, who had appointed Mr. Fedders to the agency's top law-enforcement post 3½ years ago, accepted the resignation "with regret" and said Mr. Fedders's work had been outstanding. Mr. Shad didn't echo Mr. Fedders's criticisms of the news reports, however. In a letter to Mr. Fedders, the chairman said the resignation "was prompted by your concerns that personal, family considerations might affect your ability to discharge your responsibilities at the Commission."

Mr. Fedders's critics faulted him for de-emphasizing the prosecution of corporate corruption cases, which had been pursued with alacrity by his predecessor, Stanley Sporkin, who is now general counsel of the Central Intelligence Agency. But Mr. Fedders drew acclaim from legal scholars and securities lawyers for vigorous enforcement actions against companies issuing false or misleading financial information to investors and against people who profit illegally from "inside" information unavailable to the public.

Mr. Shad didn't consult with other commissioners before accepting the resignation. Commissioner Charles Cox was taken by surprise when a reporter asked for his reaction. "He's been first-rate," Mr. Cox

said of Mr. Fedders. "I've been very sad about this whole thing. I'm a friend of his despite what's been in the papers. I wish he wouldn't go."

Had Mr. Fedders remained at the SEC, he would have faced an official review of his marital violence. White House Counsel Fred Fielding had been informed of the wife-beating allegations months before the news became public and he was expected to ask Mr. Shad to conduct a factual review at the conclusion of the divorce trial, which has been recessed until late May to allow Mr. Fedders to attempt a reconciliation.

Yesterday, White House spokesman Larry Speakes said President Reagan wouldn't comment on the matter while the divorce trial is pending. But he added, "The president obviously does not condone or advocate or tolerate any type of abuse, whether it is (against) children, wives, husbands, whoever."

Asked how agency staff members were receiving the news of Mr. Fedders's sudden departure, agency spokeswoman Ms. McCue said, "People are genuinely upset. It's a tragedy."